

Central Intelligence Agency

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Washington, D. C. 20505

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DIRECTORATE OF INTELLIGENCE

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Liberia: Doe's Expectations [redacted]

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Summary

Head of State Samuel K. Doe will, in our view, visit Washington with high expectations that his recent international actions in support of US interests will be applauded and rewarded. US Embassy reporting indicates that Doe will point to Liberia's renewed ties with Israel and his recent strong public stands on Chad and the Soviet shootdown of the Korean airliner as evidence of Monrovia's support for Washington and his utility as a moderate influence in Africa. He has also appointed a more pro-American foreign minister to put Liberian-US relations on an even stronger footing. In our judgment, Doe hopes these actions will result in increased US economic assistance. [redacted]

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US Embassy reporting indicates that Doe's political position presently is more secure than at any time since his military takeover in April 1980. Nevertheless, world recession--coupled with Liberia's continued economic mismanagement and rising corruption--has accelerated the country's severe economic decline. In view of this situation,

This memorandum was prepared by [redacted] West Africa Branch, Africa Division, Office of African and Latin American Analysis. It has been coordinated with the Directorate of Operations. Questions and comments are welcome and may be directed to the Chief, Africa Division, [redacted]

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we believe Doe's domestic support could dissipate if widespread doubts develop about the sincerity of his promise to restore civilian rule, a move that most Liberians assume would lead to a better life.

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Accelerating Economic Pressures

Despite Doe's promise upon seizing power in 1980 to improve living standards and to revive Liberia's economy, a combination of economic mismanagement and continuing international recession has had a telling effect on Liberia's economy. US Embassy statistics indicate a drop of more than 10 percent in output during 1981-82 and we believe GDP could show a further decline of about 5 percent in 1983. Unemployment has increased to at least 30 percent as lowered international demand for the country's chief exports--iron ore and rubber--continues to force producers to curtail operations. Real per capita income continues to decline, even as inflationary pressures grow.

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We believe the Liberian economy will remain in deep trouble for the foreseeable future. Doe has implemented some economic reforms such as cutting government salaries by 25 percent and limiting official foreign trade in an effort to curb overspending, but the US Embassy points out that the IMF has not succeeded in pressing Liberia to take more significant fiscal adjustment measures. Monrovia failed to adhere to IMF guidelines to reduce payrolls and unbudgeted expenditures in April and June. Revenues have been substantially lower this year than expected, reflecting, in our judgment, a continuing slump in export receipts and local business activity, as well as government reluctance to vigorously pursue tax collection efforts.

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The government's financial indiscipline --including profligate expenditures on luxury items such as aircraft--and its toleration of corruption --almost all Liberian leaders have lined their pockets with government funds--have contributed to the country's economic malaise and acted as disincentives for the private investment and development assistance that could help redress the country's problems. US Embassy reporting indicates Western creditors have been particularly dismayed by Doe's reluctance to accept bad economic news and the need for greater austerity from his advisers. Foreign and local businesses have also been hampered by Monrovia's interference in day-to-day operations and by low level military and police harassment of expatriate technicians and supervisors--many of whom have had to pay exorbitant fees in return for immunity from physical violence and arrest.

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At successive stages of Liberia's long economic slide, Doe has turned to Washington to help sort out the country's routine cash flow problems. The US Embassy has been instrumental in orchestrating the efforts of the Liberian government, the country's major creditors, and the IMF in heading off repeated crises. In addition to viewing the United States as a financial coordinator, Monrovia looks to Washington for timely financial assistance. US advice and economic assistance--totaling over \$70 million this year--have been the only barrier to massive default. [REDACTED]

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Political Situation

In our view, Doe, despite his economic ineptitude, has proven himself to be an astute and pragmatic politician. He has kept popular restiveness over the economy within manageable bounds thus far with an effective carrot-and-stick policy of combining the promise of civilian rule by 1985 with quick, sometimes draconian responses to any manifestation of anti-government sentiment. In our judgment, civilian political leaders and intellectuals will remain hesitant about engaging in anti-government activities for fear of derailing progress toward civilian rule. [REDACTED]

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A new draft constitution written by a civilian commission was completed last spring. The US Embassy reports it is now being reviewed by a civilian constitutional advisory assembly, the first elected body in Liberia since the 1980 coup, which has requested an extension of its mandate until early October. Doe has also appointed a five-member election commission charged with drafting elections laws, maintaining voter lists, and supervising future elections. [REDACTED]

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Despite these important steps toward civilian rule, much remains to be done to meet the target date, and Doe could still renege on his promise to return the military to the barracks. [REDACTED]

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[REDACTED] Doe is now considering scrapping the draft constitution and replacing it with the 1847 constitution because the latter would provide for a stronger presidential form of government. The government has invested its prestige and considerable money and time in the drafting of the new constitution, however, and we believe reversion to a document widely regarded as having legitimized 133 years of rule by the former Americo-Liberian elite would not be understood by the average Liberian. In our judgment, the rejection of the draft constitution probably would raise new doubts about Doe's commitment to civilian government. [REDACTED]

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On two public occasions, Doe has pointedly linked a return to civilian rule to an economic recovery and the willingness of the international donor community to provide sufficient funds to underwrite it. If Doe decides to postpone civilian rule, he could point to the country's economic problems to justify the move. Doe could also be

S E C R E T

deterred from his plans for civilian government by an increase in plotting by the military--which has been cowed by the efficiency and ruthlessness of Doe's security service but which could again become restive as the time for its return to the barracks and the loss of the perquisites of political office draws nearer. Whatever the reasons, we believe that Doe's failure to follow through with his plans for civilian rule would spark a resurgence of public restiveness and political turmoil. [REDACTED]

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The International Arena

For most of his three and a half years in power, Doe has been preoccupied with domestic problems but he devoted this summer to foreign affairs and will arrive in Washington self-satisfied with his accomplishments. Last July, Doe replaced his leftist foreign minister with Earnest Eastman, who the US Embassy reports is strongly pro-Western and attaches high importance to maintaining good relations with Washington. The Embassy believes the new foreign minister is trying to make Liberian foreign policy more coherent and even more pro-American. [REDACTED]

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In August, after lengthy secret negotiations, Monrovia reestablished relations with Israel, which Liberia--along with most other African countries--broke after the 1973 Arab-Israeli war. In our judgment, Doe was motivated in equal parts by desires to curry favor with Washington, attract badly needed development and security assistance from Israel, express anger at Libyan intervention in Chad, and to portray himself as a molder of African opinion. Doe paid a state visit to Israel in August--the first African leader to do so since 1972--and publicly advocated African relations with Tel Aviv as a step toward promoting peace in the Middle East through dialogue with Israel. [REDACTED]

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Despite Doe's high expectations about Israeli financial and technical assistance, the results so far have been modest. Israel has agreed in principle to provide security specialists to assist and train Doe's security service. In addition, Israel has offered to help with agricultural training and to send two experts to Liberia to study possible agricultural projects. Other assistance is limited to small scale cooperation agreements in health, construction, banking, and air services. [REDACTED]

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The US Embassy reports that the Arab response to the renewal of relations has so far been muted, although at least one PLO diplomat was dispatched to dissuade other African countries from following Liberia's lead and a major Arab bank was planning in late August to end its multi-million dollar lending to Monrovia. The US Embassy speculates that the Arabs could agree on a boycott of Liberian flag ships, which could result in annual revenue losses of \$12 million if shipowners transferred registry to other flags. [REDACTED]

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Doe has been very supportative of the US position on Chad and the Soviet downing of the Korean airliner, according to the US Embassy. Liberia is one of only a few African nations that publicly condemned Libyan intervention in Chad in a statement before the UN Security Council. Liberia has strongly supported the US position on the Korean airliner issue in the Security Council and has decided to suspend Aeroflot landing privileges in Monrovia from four to six months. [REDACTED]

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Doe, 32 and one of the youngest African heads of state has relatively little stature on the continent and was initially shunned by most other West African leaders outraged by his post-coup executions. Although Doe seeks to carve out a leading position for Liberia in international forums such as the OAU, we believe his efforts have been hindered by his youth and lack of education, and because many African leaders believe he is a client of the US. Nevertheless, like most other African countries, Liberia is highly critical of South African apartheid policies and supports the OAU's condemnation of Pretoria's presence in Namibia and its incursions into Angola. [REDACTED]

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Outside Meddling

We concur with the US Embassy that Doe's strong suspicion of Communism, together with Liberia's traditional pro-Western orientation and its heavy dependence on Washington for financial assistance, have limited opportunities for the Soviets and their allies to gain influence either with the regime or at the grass roots level. [REDACTED]

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[REDACTED] the government's relations with the Soviets and Libyans have remained cool since the expulsion in 1981 of two Soviet diplomats and the closure of the Libyan Embassy. Doe has always been wary of Soviet and Libyan intentions; [REDACTED] as the Liberian leader has gained experience, he has come to realize that better relations with Moscow and its allies would not result in significant increases in financial assistance. [REDACTED]

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In the past Doe and his advisers privately argued for--and occasionally publicly advocated-- closer relations with Moscow and radical African countries. The US Embassy believes this was an attempt to pressure the West--particularly Washington--to provide additional financial assistance. We believe the failure of the Soviets and Libyans to respond positively over the years reflects their assessment that they could not successfully compete with high US aid levels and that any aid would only help bolster a pro-Western regime. [REDACTED]

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In our judgment, Moscow and Tripoli will continue to maintain a distant relationship with Doe, hoping that a change in government--either by the election of civilian leftists or a coup by populist enlisted men susceptible to manipulation--would improve their chances of gaining

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influence in Monrovia at Washington's expense. Nevertheless, we believe Soviet and Libyan ability to conduct subversive activities or increase their influence will be limited by the lack of any appeal that Marxist or radical Islamic ideology has for Liberia's predominantly conservative, agrarian, and non-Muslim society. [REDACTED]

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US Interests

Liberia is Washington's oldest friend in Africa and one that claims a special relationship with the United States because of its founding by freed, returning slaves. Liberia has the largest concentration of US assets in black Africa. US interests include three important, rent-free communications and navigation facilities: a Voice of America relay station, an area telecommunications relay system servicing 40 embassies and consulates, and one of eight worldwide Coast Guard Omega stations that provide an all-weather navigations system for civilian and military aircraft and ships. The facilities occupy over 3,000 acres and would cost over \$100 million to relocate elsewhere if other African countries could be found to accept them. Potential advances in satellite technology, however, could diminish the usefulness of these facilities by the end of the decade. [REDACTED]

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The United States has formal military access in emergencies to Monrovia's port and international airfield, a right enjoyed nowhere else in West Africa. These facilities can help provide for rapid staging of US forces into Africa and the Persian Gulf, and were used to support peacekeeping operations in Zaire in 1960 and 1978 as well as the recent US airlift of materiel to Chad. The United States is spending \$5 million this year to upgrade fueling, servicing, and storage facilities at the airport. [REDACTED]

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US aid to Liberia this year will total \$71.2 million, the highest per capita aid level in sub-Saharan Africa. Of this amount, \$32 million is for budgetary support, \$12 million for development, \$11.4 million for PL-480 food imports, and \$15.8 million for military assistance. According to the US Embassy, direct private investment exceeds \$300 million. [REDACTED]

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Issues Doe May Raise

In our judgment, Doe sees President Reagan's willingness to meet with him as an affirmation of US interest in and commitment to a special relationship with Liberia. The US Embassy reports that Doe will probably want to discuss domestic progress he claims to be making toward economic reform, the issue of proceeding with a return to civilian rule, as well as his recent foreign policy actions on Israel, Chad, and the Korean airliner issue. He is likely to sound out Washington's willingness to provide

additional economic aid. We believe Doe will point to the need for more funds to underwrite the transition to civilian rule, to keep the military pacified, and to bolster the country's political and economic stability. Doe will probably couple his perceived economic and military needs with his worries over Soviet, Libyan, and Cuban subversion in Africa and seek assurances that Washington takes his concerns seriously. [REDACTED]

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We believe Doe will want to review his effort to persuade other moderate African states to follow his lead in renewing diplomatic relations with Israel. [REDACTED]

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[REDACTED] Doe wants to be able to reassure moderate African countries that Arab nations plan no severe reprisals should the Africans reestablish ties with Israel. In so doing, we believe Doe hopes to be perceived by President Reagan as trying to be helpful to the United States in extending Western influence in Africa and in firmly opposing Soviet and Libyan penetration on the continent. [REDACTED]

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